

## PLANO CITY COUNCIL

**WILL CONVENE INTO A SPECIAL CALLED SESSION AT 5:00 P.M., SEPTEMBER 2, 2015, IN THE PLANO MUNICIPAL CENTER, 1520 K AVENUE, IN COMPLIANCE WITH VERNON'S TEXAS CODES ANNOTATED, GOVERNMENT CODE CHAPTER 551 (OPEN MEETINGS ACT), AS FOLLOWS:**

**Mission Statement:** The City of Plano is a regional and national leader, providing outstanding services and facilities through cooperative efforts that engage our citizens and that contribute to the quality of life in our community.

### **Special Called Session**

- 1) A Second Public Hearing** on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by 7.30 percent (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax calculated under Chapter 26, Tax Code). (First Public Hearing held August 24, 2015.)
- 2) Approval of August 15, 2015 Minutes**
- 3) Water and Sewer Bond Issuance** re: Legacy West Lift Station

**In accordance with the provisions of the Open Meetings Act, during Special Called Sessions, agenda items will be discussed and votes may be taken where appropriate. The City Council may convene into Executive Session to discuss posted items in the session as allowed by law.**

***The Plano Municipal Center is wheelchair accessible. A sloped curb entry is available at the main entrance facing Municipal/L Avenue, with specially marked parking spaces nearby. Access and special parking are also available on the north side of building. The Senator Florence Shapiro Council Chambers is accessible by elevator to the lower level. Requests for sign interpreters or special services must be received forty-eight (48) hours prior to the meeting time by calling the City Secretary at 972-941-7120.***



# CITY OF PLANO COUNCIL AGENDA ITEM

<b>CITY SECRETARY'S USE ONLY</b>				
<input type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory				
Council Meeting Date:		9/2/15		
Department:		Budget & Research		
Department Head		Karen Rhodes-Whitley		
Agenda Coordinator (include phone #): <b>Anita Bell, 7194</b>				
<b>CAPTION</b>				
A second public hearing on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by 7.30 percent (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax calculated under Chapter 26, Tax Code.)				
<b>FINANCIAL SUMMARY</b>				
<input checked="" type="checkbox"/> NOT APPLICABLE <input type="checkbox"/> OPERATING EXPENSE <input type="checkbox"/> REVENUE <input type="checkbox"/> CIP				
FISCAL YEAR:	<b>2015-16</b>	<b>Prior Year (CIP Only)</b>	<b>Current Year</b>	<b>Future Years</b>
		<b>TOTALS</b>		
Budget		0	0	0
Encumbered/Expended Amount		0	0	0
This Item		0	0	0
BALANCE		0	0	0
FUND(S): <b>N/A</b>				
<p><b>COMMENTS:</b> This is the second of two required public hearings on the proposed tax revenue increase. The City of Plano tax rate is proposed to remain at \$.4886 per \$100 of taxable value. The first public hearing was held on August 24, 2015.</p> <p><b>STRATEGIC PLAN GOAL:</b> A Public Hearing on the proposed tax revenue increase relates to the City's goal of Financially Strong City with Service Excellence.</p>				
<b>SUMMARY OF ITEM</b>				
Second public hearing on the proposed tax revenue increase.				
List of Supporting Documents:			Other Departments, Boards, Commissions or Agencies	
ag 213 second public hearing tax increase 2015-16				

**PLANO CITY COUNCIL**  
**Budget Work Session**  
**August 15, 2015**

**COUNCIL MEMBERS PRESENT**

Harry LaRosiliere, Mayor  
Lissa Smith, Mayor Pro Tem  
Ben Harris, Deputy Mayor Pro Tem  
Angela Miner  
Rick Grady  
Ron Kelley  
Tom Harrison  
David Downs

**STAFF PRESENT**

Bruce Glasscock, City Manager  
Frank Turner, Deputy City Manager  
LaShon Ross, Deputy City Manager  
Jim Parrish, Deputy City Manager  
Mark Israelson, Assistant City Manager  
Paige Mims, City Attorney  
Lisa C. Henderson, City Secretary

Mayor LaRosiliere convened the Council into the Budget Work Session on Saturday, August 15, 2015 at 8:04 a.m. in the Senator Florence Shapiro Council Chambers of the Plano Municipal Center, 1520 K Avenue. A quorum was present.

**Request for Public Input on Budget & CIP**

No one appeared to speak.

**Budget Worksession Overview**

Highlights of 2014-15/Outlook for 2015-16

City Manager Glasscock stated a number of presentations will affect the budget going into next year and many of the items are already funded in the budget. He advised the direction provided by Council during the work session will guide the final budget going forward.

**Council Items and Issues for Discussion**

Mayor LaRosiliere stated the budget reflects the Council's priorities and reinvestment in the community.

## **Operating Budget**

### Revenues – Ad Valorem Tax Base; Tax Rate - Effective and Rollback Tax Rates; Sales Tax; Water & Sewer Rates – Proposed Rate Increases, Major W & S Project Funding.

Director of Budget and Research Rhodes-Whitley spoke to assessed property values of \$31.3 billion and advised that 50% of the property is residential and 50% commercial. She reported the loss of revenues from ad valorem tax exemptions, history of the tax rate and the proposed rate of 48.86 cents per \$100/valuation which exceeds the effective tax rate and rollback rate, requiring additional public hearings. Ms. Rhodes-Whitley reviewed sales tax revenue trends. She stated sales tax collection for the first nine months of FY 2014-15 is up \$3.6 million compared to last year and sales tax revenue generated from liquor sales is estimated at \$1.4 million. Ms. Rhodes-Whitley spoke to the division of sales tax revenue generated from retail sales versus business-to-business sales and provided sales tax information by geographical area.

Ms. Rhodes-Whitley spoke regarding communication from the North Texas Municipal Water District (NTMWD) indicating they will increase the water (10%) and waste water rates (22%). She advised regarding the recommendation to pass through a water rate increase of 10% and a wastewater increase of 10% effective November 1 and spoke to the loss of \$14.2 million through the district's "take-or-pay" contract with a potential reimbursement from the district of \$2.9 million for unused operation/maintenance costs.

Ms. Rhodes-Whitley spoke to the issuance of \$21.4 million in Water and Sewer Revenues in FY2015-16, which is the first time to issue debt since 1993 and that the debt will be issued to help offset project costs due to the rate increase from North Texas Municipal Water District. Deputy Mayor Pro Tem Harris expressed his concern with the continued rate increases and "take-or-pay" nature of the contract with the District. Mayor Pro Tem Smith expressed concern about the continual rate increases by the District. Ms. Rhodes-Whitley provided future rate increases provided by the District. She stated the District advised the rate increases were due to addressing EPA issues, improvements to the system and debt service. Assistant City Manager Israelson spoke to the affect the District's debt has had on the City of Garland's bond rating. Ms. Rhodes-Whitley provided a comparison of rate increases for other District member cities.

## **Program Changes**

### Salary Adjustments/Increase

Director of Human Resources Akafia spoke to the compensation study to be performed by an outside public sector consultant and stated that the last study was conducted in 2007. Ms. Akafia reported a 3% across-the-board increase for non-civil service employees, a 3% increase for civil service with 3% step-up adjustments, and a 3% increase for the maintenance and skilled labor step-up plan is recommended.

### Health Plan Update

Director of Human Resources Akafia stated an emphasis on prevention, disease specific attack plans, knowledgeable consumers, member accountability and data analysis are priorities for the upcoming year. She reported for the 12 month period ending June 30, 2015, plan membership increased 2.3%, plan utilization was 90%, medical claims increased 12%, and pharmacy claims increased 10.2%. She stated a reduction in cancer and catastrophic claims was a main cause of the reduction of medical claims. Ms. Akafia outlined the wellness initiatives, plan design changes, use of Compass for cost savings, and employees receiving a physical and contacting Compass to receive an incentive for reduced medical premiums.

Ms. Akafia advised that 2016 changes include a monthly \$50.00 incentive available for completing a physical, contacting Compass, and biometric screening reducing the premium cost to \$54.00 monthly. She spoke to 2017 premium incentive requirements of an annual physical, contacting Compass, biometrics, and smoking cessation. Ms. Akafia stated the program will have continued review to make plan design changes to allow employees easier access to benefits and added that the City has hired a new wellness coordinator.

### Benefit Update

Director of Human Resources Akafia spoke to the City employee benefits of the Texas Municipal Retirement System, the Retirement Security Plan, social security replacement plan, and the 115 Trust Plan. She provided detail of the funding and assets for each plan.

### GASB 67

Director of Finance Tacke stated the Governmental Accounting Standards Board established a new method of reporting for pensions, like the Texas Municipal Retirement System and Retirement Security Plan and that the new standard impacts accounting, not the funding of the plan. She stated the change is in where and how pension costs are accounted for in the financial statements and provided examples of the new reporting.

The Council took a brief recess at 9:20 a.m. and reconvened at 9:35 a.m.

### SSI Index & Urban District Policing

Police Chief Rushin spoke to the budget request addressing the need to add personnel. He reported Plano has 1.28 Officers per 1,000 citizens, which is below the Metroplex average of 1.56. Chief Rushin stated the Service Standard Index (SSI) helps determine the departments staffing needs. He advised many factors influence the SSI and once the need for staffing is determined it will take 12-18 months to hire and train personnel. Chief Rushin stated the additional officers will reduce the beat size, allow for greater visibility, reduce call times, and provide for less call stacking. He advised the Council of future staffing needs in business centers, investigation of technology crimes, a surveillance unit, a warrants unit, and community outreach. Chief Rushin provided information on the impact of attrition with 24% of the officers eligible for retirement. He spoke to Urban District Policing and detailed the sub-stations at Junction 15, NPO at Parker and 15<sup>th</sup> Street, and Legacy.

### Fire/EMS Service Update

Chief Greif spoke to the standard of excellence for the department and that staffing will be evaluated, improved technology resources, and what is needed to maintain the high level of service. He stated the existing strategic plan will be reviewed and updated as needed. He commended the department and its staff. In response to Council, he stated the fire department reviews all plans to make sure access and codes are complied with at the beginning of development.

### Land for Salt and /or Sand

Director of Public Works Cosgrove spoke to the need of having a location on the west side of town (Zone 4) as the existing location is no longer available and that \$1 million has been included in the budget. He provided a map of the current storage locations and capacities for each zone. Mr. Cosgrove advised the location must be about one acre, located adjacent to thoroughfares, not near residential, and in the center of Zone 4.

### Pressure Release Valve

Director of Public Works Cosgrove spoke to the rebate program for pressure release valves to alleviate issues in areas of high pressure. He provided the eligibility guidelines and discussed the application process. Mr. Cosgrove stated the rebate will be for 50% of the materials and labor with the maximum of \$500 based on actual cost, and will be a credit on the water bill. In response to Council, Mr. Cosgrove stated the rebate does not apply to commercial properties and will be funded through the Water and Sewer Fund. Council expressed concurrence to establish the program.

### Neighborhood Revitalization

Director of Neighborhood Services Schwarz provided an overview of the Great Update Rebate program. Ms. Schwarz spoke to the 136 projects completed with homeowners investing \$3.4 million in their properties, with an average investment of \$25,263 per project. She provided samples of the projects completed. Ms. Schwarz stated the budget includes a \$750,000 allocation for the program.

Ms. Schwarz discussed the new Neighborhood Vitality program designed to provide matching grants for neighborhood improvement projects. She stated the program allows for small and large scale projects requiring a 50% match from the neighborhood and scoring of the projects is based on weighted criteria. Ms. Schwarz provided samples of projects submitted for completion in Fall 2015. She discussed the budget allocation of \$250,000 and the breakdown for disbursement. In response to Council, Ms. Schwarz stated this program started in May and she is confident the program will be highly utilized.

### Lightning Detection System

Recreation Director Gagnon spoke to the lightning warning system designed to monitor and warn citizens in park areas of possible danger. He provided lightning facts, the current practices for lightning safety, and a sample of lightning strikes at a local park. Mr. Gagnon stated the initial cost to implement the program is approximately \$200,000 and an annual cost of \$6,500 thereafter. He provided a list of the proposed locations and other area cities using lightning warning systems. Council stated concurrence to move forward with the program.

### Plano Centre Parking Lot and Landscaping

Director of Parks and Recreation Fortenberry discussed the key elements of the Plano Centre exterior renovation project. She provided options for parking lot improvements including removal of existing tree wells and replacing with stamped or stained concrete, an ultra-thin seal coat, or a complete rebuild of the parking lot. Ms. Fortenberry stated other options for exterior improvement include landscaping, new signage, and parking lot lighting. She also provided information on enhancements to the south drive/front plaza area to expand usable space. Ms. Fortenberry explained additional costs include design and contingency fees and depending on the level of improvements the cost can range from \$615,000 to \$5.5 million. Council expressed concurrence to move forward on improvements to the facility.

### Grant Funding

Mayor Pro Tem Smith stepped away from the dais due to a conflict of interest.

City Manager Glasscock stated the Council needs to approve and accept the recommendations as presented at the August 5, 2015 meeting.

The council discussed increasing the funding for the Buffington Community grants from \$1 per capita and expressed concurrence to increase funding to approximately \$2 per capita with a set figure of \$550,000 or \$600,000 for FY2016-17.

Mayor Pro Tem Smith returned to the dais.

### **Council Items and Issues for Discussion**

The Council discussed adding additional funding for eBooks to be competitive with other libraries. The council expressed concurrence to increase library funding by \$125,000 for a total of \$1,125,000.

### **Request for Public Input on Budget & CIP**

Celeste Bederka addressed the council regarding the budget and concerns about funding projects through issuance of bonds.

The Council took a brief recess at 12:07 p.m. and reconvened at 12:17 p.m.

### **Community Investment Program**

Director of Budget and Research Rhodes-Whitley spoke to planned Community Investment Program expenditures of \$161.7 million for streets, capital reserve, parks and recreation, water/sewer, municipal facilities, and municipal drainage projects. She further advised that any excess in sales tax revenue can be designated for capital reserves, one-time expenditures, or economic development. Ms. Rhodes-Whitley stated the capital reserve fund is close to meeting its 75% annual goal.

### **Proposed Ad Valorem Tax Rate**

Ms. Rhodes-Whitley reviewed related Public Hearing dates of August 24 and September 2 with tax rate adoption on September 14, 2015.

Ms. Rhodes-Whitley recapped the items to be added to the budget since July 29, 2015 including: Wayfinding Consultant - \$70,000 (Hotel Motel Funds); McCall Plaza Equipment upgrade - \$32,500; eBooks - \$75,000; Pressure Release Valve Grants - \$15,000 (Water and Sewer Funds); Lightning Detection System - \$200,000; Plano Centre Parking Lot and Exterior Renovation – amount to be determined (Hotel Motel Funds).

City Manager Glasscock advised the City subsidizes employee medical coverage 90%, dependent coverage 75%, dental coverage 50%, and does not subsidize vision coverage.

Nothing further was discussed. Mayor LaRosiliere adjourned the session at 12:27 p.m.

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**Harry LaRosiliere, MAYOR**

ATTEST:

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Lisa C. Henderson, City Secretary

# WATER & SEWER

## WORK IN PROGRESS

Updated 8/24/15

	Actual	Budget	Re-Est	Budget	Variance	
	2013-14	2014-15	2014-15	2015-16	Bud to Bud	Est to Bud
<b>WORKING CAPITAL</b>	<b>\$27,384,036</b>	<b>\$20,499,653</b>	<b>\$22,011,299</b>	<b>\$16,481,204</b>	<b>-19.6%</b>	<b>-25.1%</b>
<b>Revenues</b>						
Water Income	\$59,708,676	\$66,981,316	\$67,289,754	\$74,782,307	11.6%	11.1%
Sewer Income	51,074,833	52,142,057	51,695,618	56,155,925	7.7%	8.6%
Water Taps	66,207	77,665	78,491	79,668	2.6%	1.5%
Water & Sewer Penalties	1,313,685	1,375,238	1,261,975	1,277,750	-7.1%	1.3%
Water Meters/AMR Devices	300,717	279,006	231,664	235,139	-15.7%	1.5%
Construction Water	238,784	248,435	248,435	252,162	1.5%	1.5%
Service Connect Fee	206,025	209,832	212,460	215,647	2.8%	1.5%
Backflow Testing	506,295	501,624	527,265	535,174	6.7%	1.5%
Sewer Tie-On	29,200	27,134	33,700	34,206	26.1%	1.5%
Pre-Treatment Permits	31,520	31,897	31,897	32,375	1.5%	1.5%
Interest Earnings	133,221	65,000	140,000	140,000	115.4%	0.0%
Education Building	157,239	0	0	0	0.0%	0.0%
Transfer from Reserve Fund	2,250,000	0	1,000,000	1,000,000	0.0%	0.0%
Misc. Income	769,009	571,704	571,704	600,289	5.0%	5.0%
<b>TOTAL REVENUES</b>	<b>\$116,785,411</b>	<b>\$122,510,907</b>	<b>\$123,322,963</b>	<b>\$135,340,642</b>	<b>10.5%</b>	<b>9.7%</b>
<b>TOTAL RESOURCES</b>	<b>\$144,169,447</b>	<b>\$143,010,560</b>	<b>\$145,334,262</b>	<b>\$151,821,846</b>	<b>6.2%</b>	<b>4.5%</b>
<b>APPROPRIATIONS</b>						
<b>Operating Expense</b>						
Salaries & Wages	\$9,927,922	\$10,300,344	\$10,395,093	\$10,458,423	1.5%	0.6%
Materials & Supplies	1,588,423	2,063,085	2,219,254	2,312,955	12.1%	4.2%
Contractual	3,989,848	4,656,892	4,696,851	4,455,471	-4.3%	-5.1%
NTMWD - Water	46,060,145	55,042,807	51,128,214	61,188,363	11.2%	19.7%
NTMWD - Wastewater	14,602,739	14,878,076	15,764,551	17,766,663	19.4%	12.7%
NTMWD - Upper E. Fork Interco	8,504,325	8,949,125	9,300,247	10,604,552	18.5%	14.0%
Retirement of NTMWD Debt	827,457	827,905	827,910	749,340	-9.5%	-9.5%
Sundry	849,153	647,908	642,414	654,828	1.1%	1.9%
Reimbursements	800,606	887,315	414,418	665,894	-25.0%	60.7%
Subtotal	\$87,150,618	\$98,253,457	\$95,388,952	\$108,856,489	10.8%	14.1%
Capital Outlay	40,679	0	87,260	18,000	0.0%	-79.4%
<b>TOTAL OPERATIONS</b>	<b>\$87,191,297</b>	<b>\$98,253,457</b>	<b>\$95,476,212</b>	<b>\$108,874,489</b>	<b>10.8%</b>	<b>14.0%</b>
Transfer to General Fund	\$15,798,965	\$16,191,641	\$15,469,908	\$15,836,741	-2.2%	2.4%
Transfer to W & S CIP	12,500,000	12,500,000	12,500,000	10,000,000	-20.0%	-20.0%
Transfer to Capital Reserve	3,000,000	3,000,000	1,500,000	1,500,000	-50.0%	0.0%
Transfer to Debt Service	0	0	0	910,625	100.0%	100.0%
Transfer to Loss Fund	781,512	773,556	773,556	773,556	0.0%	0.0%
Transfer to Technology Fund	300,000	300,000	300,000	300,000	0.0%	0.0%
Transfer to Technology Svcs	2,586,374	2,702,620	2,833,383	2,871,737	6.3%	1.4%
<b>TOTAL TRANSFERS</b>	<b>\$34,966,851</b>	<b>\$35,467,816</b>	<b>\$33,376,847</b>	<b>\$32,192,659</b>	<b>-9.2%</b>	<b>-3.5%</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$122,158,148</b>	<b>\$133,721,274</b>	<b>\$128,853,059</b>	<b>\$141,067,148</b>	<b>5.5%</b>	<b>9.5%</b>
<b>WORKING CAPITAL</b>	<b>\$22,011,299</b>	<b>\$9,289,286</b>	<b>\$16,481,204</b>	<b>\$10,754,698</b>	<b>15.8%</b>	<b>-34.7%</b>
<b>Days of Operation</b>				36	19.42%	

# PROJECTED WATER & SEWER REVENUE BOND SALE

<u>Water &amp; Sewer CIP Project</u>	<u>Amount</u>
Legacy West Lift Station	\$15,000,000
Rowlett Creek Cured In Place Pipe	7,200,000
White Rock Creek & Prairie Creek Sewer Mains Rehabilitation	6,010,000
Disinfection Improvements at Pump Stations	5,100,000
<u>Brown Branch Sewer Line</u>	<u>3,115,000</u>
<b>Total</b>	<b>\$36,425,000</b>

Remaining FY 2015-16 Water & Sewer CIP Projects will continue to be funded on a pay-as-you-go basis using cash on hand and a \$10.0 million transfer from the Water & Sewer Fund

